

EXPORTS OF INDIAN MARINE PRODUCTS WITH SPECIAL REFERENCE TO REEFER CONTAINER OPERATIONS: A CASE STUDY OF VCTPL

Capt. Sricharan Y. Kaza
Dr.CH. Venkataiah

Abstract

Marine products industry has a share of at least 5-6 % in world exports. India is projected to become one among the top five seafood exporting countries in the world. The seafood exports from Visakhapatnam, India have been described in this paper. An attempt is made to analyze the current situation vis-à-vis futuristic challenges and potentials of Visakha Container Terminal Pvt.Ltd. (VCTPL)

Keywords: Seafood Exports, Visakhapatnam Port, India

Introduction

Till the end of 1960, export of Indian marine products mainly consisted of dried items like dried fish and dried shrimp. Although frozen items were present in the export basket from 1953 onwards in negligible quantities, it was only since 1961 the export of dried marine products was overtaken by export of frozen items leading to a steady progress in export earnings. With the devaluation of Indian currency in 1966 the export of frozen and canned items registered a significant rise. Frozen items continued to dominate the trade. Markets for Indian products also spread fast to developed countries from the traditional buyers in neighboring countries.

Before 1960, when our exports were dominated by dried items the markets of Indian marine products were largely confined to neighboring countries like Sri Lanka, Myanmar (formerly Burma), Singapore etc. This situation changed with the development of technology/modernization; dried products gave way to canned and frozen items. The product shift also resulted in market shift. More sophisticated and affluent markets like

Japan, USA, Europe and Australia, became our important buyers. Several seafood processing units with modern machinery for freezing and production of value added products were set up at all important centers in the country for export processing.

For a long time USA was the principal buyer for Indian frozen shrimp but after 1977, Japan emerged as the principal buyer of the product, followed by the West European countries. Japan retained its position till 2001-02 as the single largest buyer for our marine products accounting for about 31% in the total export value. During the year 2002-03 and 2003-04, USA emerged as the single largest market for Indian marine products. During the year 2004-05, the European Union has collectively become the largest importer of Indian marine products and it retained its position since 2005-06. During 2010-11 European Union (EU) continued as the largest market with a percentage share of 26.78% in \$ realization followed by South East Asia 16.43%, China 15.41%, USA 15.35%, Japan 13.06%, Middle East 5.19% and Other Countries 7.79%. (Mpeda, 2011)^[3]

Indian Seafood Export Scenario in 2011

Aquaculture has become the mainstay of seafood exports, accounting for 90 per cent of current shrimp exports. The aquaculture harvest in 2011 had been very good, including

a bumper crop of vannamei shrimp, which was available to processing plants even far south in Kerala. However, as there was also a good catch from the sea, prices in the coastal belt of Andhra Pradesh crashed, while the impact was less severe among the aquaculture

farmers of Tamil Nadu. The US continues to be a bulk importer, and both vannamei and black tiger shrimp are exported in large quantities. However, Japan prefers black tiger, as it looks for taste and quality-based imports. Exports to Japan are mainly sourced from aquaculture farms in West Bengal, Orissa and upper Andhra Pradesh — the home ground for black tiger shrimp in India. The export growth has been backed by a significant growth in volume and unit value realisation. This was more pronounced for shrimp exports compared to other seafood items. With the increasing dominance of countries of South East Asia in the export destinations, new items have also been added to the export basket. Mackerel exports to Thailand last year have been huge. And the prices have been handsome. Ribbon fish which used to command a price of less than one dollar in the global markets has now grown over three fold to above three dollars.

All aquaculture products exported from India are accompanied by analytical test reports on the absence of chloromphenicol, tetracycline, oxytetracycline, chlorotetracycline and metabolites of nitrofurans, or that they are at permitted levels.

Indian Government's initiative to boost Exports

The Union government is considering granting agriculture status to the seafood industry. The proposal is now under consideration of the ministry of agriculture. The seafood sector has an industry status and is under the control of the ministry of commerce.

3. At least one million MT of imported raw materials to be processed for exports in 2012.
4. All the seafood processing plants to be EU standard / SPS standard for USA.

Impediments faced by Indian Seafood Exporters

Saliim & Aswathy, 2011, [5] Have identified five impediments which are listed below:

1. Non availability of raw materials.

The agri. status will benefit the industry in a multifaceted ways. The fish production sectors, especially aquaculture farms, are not getting sufficient loans from financial institutions. Once the status is granted, loans at lower interest rates will be easy and will benefit thousands of aquaculture farmers. Because of inadequate finance and high risk in the production, insurance is also not provided to this sector. A majority of the aquaculture farms in the country are not yet insured. Also, power will be provided at lower rates, as in the case of farming. For the sea fishing sector, diesel might be available at subsidized rates for mechanized boats.

Vision for Indian Exports

1. Exports to increase to atleast 2 Million Mt by 2015.
2. Value of exports to increase to US\$ 4 Billion in 2012 and US\$ 6 Billion by 2015
3. Marine products to retain a share of 2.5% in India's total exports.

Vision for Processing and Value Addition of Marine Products

1. At least 75% of the production to be in value added form comprising of ready-to-eat and ready-to-cook products in 2012.
2. India to emerge as a leading seafood processing hub of the world by utilizing the unutilized capacity of processing plants .
2. Low capacity utilization of processing plants.
3. Quality standards in EU countries and cases of rejection and alerts
4. Anti-dumping duties by USA
5. Sudden spurt in farm shrimp production in china, Indonesia, Thailand, Vietnam, etc. have marginalized profits¹

Visakha Container Terminal Pvt.Ltd (VCTPL)

In September 2002, Visaka Port Trust had awarded a Build Operate Transfer (BOT) contract on 30 years lease to Visakha Container Terminal Pvt. Ltd, a joint venture between Dubai Port International and United Liner Agencies, to operate the container terminal. VCTPL, a all-weather Container Terminal located in the Outer Harbour of Visakhapatnam Port, Andhra Pradesh on the East Coast of India in position latitude 17° 41 ' North and longitude 83° 18 ' East. Quay length is 450 meters and the permissible draught is 15.0 meters alongside. The depth of 16.5 meters makes VCTPL the deepest container terminal in the country, amongst the major ports in India. VCTPL is equipped with post-panamax gantry cranes, modern RTGs, Reach Stackers and a fleet of modern ITV (Internal Transfer Vehicle) capable of handling all type of containerized cargo including reefer and out of gauge equipments. VCTPL has implemented advanced software and systems to provide secure, reliable, faster, efficient and user-friendly services to all its customers, and suppliers. The terminal, therefore, has the flexibility to adapt software to specific customer requirements and keep abreast of the advances in electronic data interchange

(EDI).Geographically, Visakhapatnam lends itself to be the natural conduit of trade from the fast growing markets of Andhra Pradesh, Orissa, Chhattisgarh, Jharkhand, MP, UP, north India and West Bengal. Concor connects the geographical advantage of Vizag's attractive hinterland is fully utilised to divert cargoes from various regions through this facility. (www.vctpl.com)

The Terminal's operations primarily involve: (i) loading/unloading of containers from ships/vessels and the associated operations; (ii) movement of road transport vehicles/trucks and container railway trains; (iii) receipt and dispatch of containers in the terminal area; (iv) storage of containers and also stuffing of containers; (v) terminal cleaning activities; (vi) maintenance of equipment; and (vii) other activities such as office/administrative functions.

India Far East Express Service II [INDFEX II] is the service which links VCTPL to Far East & China . Major ports in Japan , Australia, South and West Africa ,North America west coast , Canada, South America East and West coast are covered (www.Vctpl.com,2011)^[1]. The particulars are furnished at Table.1

Table 1: Sectors Serviced

AREA	TRANSHIPMENT PORT
Australia	Singapore
Red Sea ports	Singapore
West Africa	Singapore
South Africa	Singapore
North America west coast	Singapore / <u>Hongkong</u>
South America west coast	<u>Hongkong</u>

Reefer Container's Handling at VCTPL :

A Reefer container is an intermodal container (shipping container) used in freight transport that is refrigerated for the transportation of temperature sensitive cargo. These containers are mainly available as 20'and 40' containers and have an integral unit for controlling the temperature inside the container. The

20'container is conventionally named as TEU (Twenty foot Equivalent Unit) and the 40' container is named as FEU (Forty foot Equivalent Unit)

VCTPL exports refrigerated containers which contain frozen food from the northern belt, stretching from Srikakulam to parts of the

Krishna district including Vizianagaram, East and West Godavari districts of Andhra Pradesh. Andhra Pradesh occupies important place in fisheries map of India. The state has 974 kms length of coastline ,3227 sq kms of continental shelf, 4 lakh hectares of freshwater bodies and 1.50 lakh hectares of brackish water area . There are 2 lakes in the state . Kolleru is a freshwater lake with a water spread area of 1.90 lakh hectares and Pullicat lake is a brackishwater lake with a water spread of 0.4 lakh hectares The state has also 102 reservoirs with a water spread of 2.34 lakh hectares. The state has also more than 74000 numbers of perennial , long seasonal and seasonal tanks with a water spread of 6.23 lakh hectares and a 1.50 lakh hectares of potential brackish water lands.(Dev,Rao,2004)^[2] VCTPL also handles a large percentage of seafood exports from the neighbouring Odisha. The Terminal has 156 reefer plug points, 1250 KVA diesel generators (DG) for backup power.

Data Analysis & Inferences

The growth profile in Indian Marine products exports during 1961-2011 is presented in Table.2

Table 2: Growth in Exports of Indian Marine Products

Year	Quantity in Tonnes	Value in Indian Rupee Crores	Year	Quantity in Tonnes	Value in Indian Rupee Crores	Year	Quantity in Tonnes	Value in Indian Rupee Crores
1961-62	15732	3.92	1978-79	86894	234.62	1996-97	378199	4121.36
1962-63	11161	4.2	1979-80	86401	248.82	1997-98	385818	4697.48
1963-64	19057	6.09	1980-81	75591	234.84	1998-99	302934	4626.87
1964-65	21122	7.14	1981-82	70105	286.01	1999-00	343031	5116.67
1965-66	15295	7.06	1982-83	78175	361.36	2000-01	440473	6443.89
1966-67	21116	17.37	1983-84	92187	373.02	2001-02	424470	5957.05
1967-68	21907	19.72	1984-85	86187	384.29	2002-03	467297	6881.31
1968-69	26811	24.7	1985-86	83651	398	2003-04	412017	6091.95
1969-70	31695	33.46	1986-87	85843	460.67	2004-05	461329	6646.69
1970-71	35883	35.07	1987-88	97179	531.2	2005-06	512164	7245.3
1971-72	35523	44.55	1988-89	99777	597.85	2006-07	612641	8363.53
1972-73	38903	59.72	1989-90	110843	634.99	2007-08	541701	7620.92
1973-74	52279	89.51	1990-91	139419	893.37	2008-09	602835	8607.94
1974-75	45099	68.41	1991-92	171820	1375.89	2009-10	678436	10048.5
1975-76	54463	124.53	1992-93	209025	1768.56	2010-11	813091	12901.5
1976-77	66750	189.12	1993-94	243960	2503.62			
			1994-95	307337	3575.27			

Source : MPEDA

Exports of Indian Marine Products

In 2010-11 seafood exports had spurted by 19.85% in quantity to 8, 13,091 tonnes and 28.39% in value in Indian Rupees 12,109.47 crore and 33.95% growth in US\$ earnings in the corresponding year (MPEDA 2011)^[3]. It is envisaged India can occupy leading position in the top five seafood exporting countries of the world and marine products retain a share of 2.5% of the total exports with a potential to reach 5-6% in the course of time.

The profile of number of Reefer containers exported from VCTPL during 2010- 2011 is presented at Table.3. This table shows comparative month wise picture in these two years. The growth pattern is clearly visible

Capt.Sricharan Y.Kaza & Dr.CH.Venkataiah
Table 3: Reefer Containers Exported From VCTPL in 2010 & 2011

MONTH	REEFER CONTAINER (TEU)	
	2010	2011
January	229	276
February	188	248
March	269	347
April	192	260
May	209	360
June	295	442
July	350	861
August	595	922
September	395	980
October	422	646
November	455	594
December	449	662

Source:VCTPL

The value of growth (in terms of Dollars as well as Rupees) in exports of Indian Marine products during 1971- 2011 is represented graphically in Fig.1

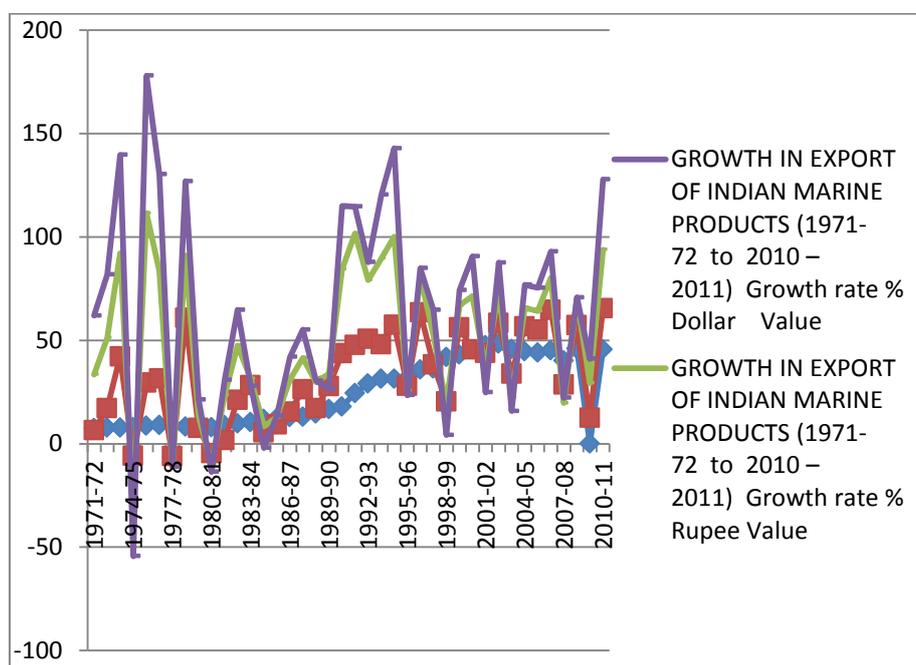


Figure 1: Indian Seafood Export Trade 1971 – 2011

Source : MPEDA (2011)

Conclusions

The number of reefer containers exported from VCTPL is on the rise due to the already mentioned factors which are causing a boom

for aquaculture in India .The reefer container handling facility at VCTPL should be strengthened in terms of container space,quick rail/road transportation of the produce to VCTPL, developing infrastructure such as fish/shrimp modern processing plants (EU /SPS standards) upto 1 million metric tonnes in 2012, quality testing, evolving a centralised computer facility for total networking from production centres to export destinations and relevant essential capacity building with adequate HRD components, quarantine facilities and increase of transshipment activities to import raw seafood from nearby countries to boost volumes during lean domestic periods. It is reported that Indian

Fishery exports will reach 2 million metric tonnes by 2015 and value earnings from US\$ 4 billion (2012) to US\$ 6 billion (2015). This calls for strategic market intelligence and forecasting , value addition with an objective of exporting 75% of fish / shrimp as ready – to – eat / cook , application of satellite imaging techniques for unifocal qualitative increase,stringent application of Hazard Analysis Critical Control Point (HACCAP) protocols(Iyer,2000)^[6], strengthening National Fisheries Grid – GIS platform and developing upgraded craft for longer duration trips to negate local territorialisation.

Refernces

1. VCTPL website, 2011 www.vctpl.com
2. Mahendra Dev , ChandraSekhar Rao,2004 "Food Processing in Andhra Pradesh Oppurtunities and Challenges"
3. Mpeda website, 2011 " www.MPEDA.com/overviw/exports.html"
4. Syda Rao, 2011.G 2011 "Marine Fisheries in India: The path ahead ... 9 IFF Souvenir,special publication by Central Marine Fisheries Research Institute, Kochi,India. P.19-24 . In Renaissance in Fisheries : Outlook and Strategies 19-23 Dec 2011.
5. Shyam S.Saliim , Aswathy N, 2011 "Constraint Analysis on the impediments faced by Indian Seafood Exporters"
6. Gopalakrishna Iyer,2000 " Seafood quality assurance in India. P.205-231. Edt. Gopakumar K. , B.N.Singh and V.R.Chitranshi 2000. Fifty years of fisheries research in India, Indian Council of Agricultural Research , New Delhi.

About The Authors

Capt.Sricharan Y.Kaza is a Ph.D. scholar in Logistics & Supply Chain Management at Gitam School of International Business, Visakhapatnam, India. He holds a Master of Foreign Going Ship competency Certificate and has extensive work experience on board merchant vessels: ksricharan@yahoo.com

Dr. CH. Venkataiah is Associate Professor, Operations & Project Management. He is also the Chairperson of Learning Resources Committee in GITAM School of International Business: venkatchitti@gitam.edu